

2010-11 – 1st & 2nd QUARTER STATUS REPORT – Sr. Investment Officer, Asset Allocation & Risk Mgmt. (F. Majeed)

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Quantitative Performance Measures

Total Fund Performance

Weight	Performance Measure	Incentive Schedule	2 nd Quarter Status
40%	Excess return deviation in basis points relative to: Total Fund Performance Benchmark {SJ1CA1 – CPERST02}	-27 basis points = 0 +7 basis points = 1.0 +23 basis points = 1.5	+26 bps {13.96 – 13.70}

Active Asset Allocation Performance

Weight	Performance Measure	Incentive Schedule	2 nd Quarter Status
15%	Active asset allocation return above 0 as calculated by Wilshire {(Program Policy Allocation – Program Actual Allocation)*(Program Policy Return – Total Return/100)}	-27 basis points = 0 +3 basis points = 1.0 +18 basis points = 1.5	-12 bps

Qualitative Performance Measures *(All performance measures utilize standard Qualitative incentive schedule unless otherwise noted)*

Leadership

Weight	Performance Measure
15%	<ul style="list-style-type: none"> Investment Office Leadership and Management – By June 30, 2011, contribute to the value creation, capacity building, and organization support for the Investment Office by executing the following: <ul style="list-style-type: none"> Drive global leadership and financial market reform to improve investment performance and enhance delivery of services. Build organizational excellence by strengthening and reinforcing a value driven culture that fosters accountability, transparency, and integrity by utilizing Senn Delaney training and communication concepts. Mentor and develop staff through regular coaching and feedback. Ensure 95% completion rate for annual performance appraisals and employee development plans. Team Participation – Cross Asset Class Collaboration – By June 30, 2011, participate in and support cross asset class initiatives, such as the Investment Office Roadmap, Investment Strategy Group, Risk Management, and Governance initiatives to improve investment performance and processes. Individual Contributions – Asset Class Priorities – By June 30, 2011, implement asset class priorities which contribute to the success of your program by adopting innovative approaches and overcoming obstacles to improve investment performance and processes. Organizational Management Practices <ul style="list-style-type: none"> Maintain an average position vacancy rate of 5% or less through the fiscal year 2010-11. Ensure all Form 700 Statements of Economic Interest are filed by scheduled employees by the mandated due date of April 1, 2011. Ensure all scheduled employees complete the legally mandated AB 1234 ethics training by June 30, 2011. Maintain a 90% EPAD completion rate. Address and resolve all outstanding audit findings within 12 months of audit report. Dedicate 30 minutes per month for Employee Recognition during the year through fiscal year 2010-11.

1st and 2nd Quarter Status:

Leadership:

Investment Office Leadership and Management:

- Participated in the August 2010 INVO leadership forum.
- Attended the September 2010 INVO working values training.
- Attended the September 2010 INVO speaker series.
- Coordinated and lead ISG Meetings twice monthly.
- Supervised IO III performance compensation calibration discussion with leadership team.
- Regularly met with staff to provide feedback, mentoring and coaching as appropriate.

Team Participation – Cross Asset Class Collaboration:

- Participated in 2010/2011 Roadmap plan and projects.

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Individual Contributions – Asset Class Priorities:

- Supervised the Asset Allocation/Risk Management strategic plan team.
- Supervised the development of the role of asset allocation in the total fund ALM process.

Risk Management Technology Project

Weight	Performance Measure
10%	By June 30, 2011, lead the development and implementation of a risk management process and technology changes that support Investment Office risk management goals such as the following: <ul style="list-style-type: none"> • Research the application of derivatives and overlay strategies to manage active risk exposure in the Total Fund. • Further develop models to manage active investment risk at the sub-asset class level and country level. • Develop a methodology that enhances the oversight of asset allocation and tracking error at all levels of the total fund.
1st and 2nd Quarter Status: <ul style="list-style-type: none"> • Risk system selected and contractor negotiations in progress. 	

Asset Liability Management (ALM)

Weight	Performance Measure
10%	By June 30, 2011, develop and lead the Strategic Asset Allocation and Asset Liability Management Review (ALM) process and identify key drivers of change to the Asset Allocation and risks associated with capital market assumptions and asset liability management. Including the following: <ul style="list-style-type: none"> • By July 2010 lead and facilitate a discussion between external experts and the Board of Administration on major risk factors and capital market assumptions. • By November 2010 conduct an Asset/Liability management workshop. • By December 2010 develop and recommend preferred asset allocation targets and ranges. • By February 2011 develop and recommend assumed rate of return/discount rate assumptions. <i>(subject to any approved changes in dates)</i>
1st and 2nd Quarter Status: <ul style="list-style-type: none"> • Final Capital Market Assumptions presented in August 2010. • Alternative asset classifications based on risk factors presented in September 2010. • Supervised the development of the role of asset allocation/risk management in the total fund ALM process. • ALM workshop scheduled for November 2010. 	

Investment Strategy Group

Weight	Performance Measure
10%	By June 30, 2011, lead the development of an enhanced risk management framework for how investment decisions are derived. <ul style="list-style-type: none"> • Develop and actively participate in a governance structure consisting of representatives from each asset class. • Develop and implement decision making process to manage and engage asset classes while ensuring they stay within Board approved targets. • Monitor investment performance and risk budget utilization for the Total Fund and asset classes. • Coordinate and lead ISG meetings and agendas.
1st and 2nd Quarter Status: <ul style="list-style-type: none"> • Coordinates ISG agenda and meetings. • Actively participating in the ISG meetings. • Review AA and active risks at ISG. 	